

FAMILY INDEPENDENCE AGENCY
P.A. 529 of 2002

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2001-02 YEAR-TO-DATE	FY 2002-03 GOV'S REC.	FY 2002-03 YEAR-TO-DATE	CHANGES FROM FY 2001-02 YEAR-TO-DATE	
				AMOUNT	PERCENT
FTE Positions	13,499.6	12,495.1	12,495.1	(1,004.5)	(7.4)
GROSS	4,003,373,900	3,956,405,700	4,074,490,500	71,116,600	1.8
Less:					
Interdepartmental Grants Received	965,300	978,800	978,800	13,500	1.4
ADJUSTED GROSS	4,002,408,600	3,955,426,900	4,073,511,700	71,103,100	1.8
Less:					
Federal Funds	2,676,333,850	2,604,621,650	2,754,318,050	77,984,200	2.9
Local and Private	96,009,550	76,965,850	76,813,550	(19,196,000)	(20.0)
TOTAL STATE SPENDING	1,230,065,200	1,273,839,400	1,242,380,100	12,314,900	1.0
Less:					
Other State Restricted Funds	59,284,400	65,388,800	65,388,800	6,104,400	10.3
GENERAL FUND/GENERAL PURPOSE ..	1,170,780,800	1,208,450,600	1,176,991,300	6,210,500	0.5
PAYMENTS TO LOCALS	173,288,400	207,056,200	207,056,200	33,767,800	19.5

A. TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

The Federal welfare reform block grant, created by the Personal Responsibility and Work Opportunity Act of 1996, provides support for poor and low-income families through work incentives, such as employment placement and training opportunities and other related state programs. The five-year Federal authorization expires at the end of FY 2001-02. The block grant legislation is undergoing reauthorization by the U.S. Congress. The reduction in welfare caseloads over the past five years allows for a cost shift from General Fund/General Purpose (GF/GP) spending to block grant fund support. Due to an FY 2000-01 and 2001-02 overestimate of available block grant funds, however, a reduction in FY 2001-02 expenditures, a number of fund source shifts, and program reductions are included in the budget assumptions to adjust TANF spending.

The State receives a basic grant allotment of \$775,353,000. The State is allowed to carry forward any unspent block funds from the previous year. It is anticipated that Michigan will have \$818,533,600 in TANF funds to spend in FY 2002-03, approximately 30% of the department's appropriated Federal funding. The funds are appropriated in the State budgets for the Family Independence Agency (FIA), Department of Career Development, and Department of Community Health. Each year states are required to maintain spending for qualified state expenditures of at least 80% (or 75% if a state meets Federal work participation requirements) of the state's historic state expenditure level. Michigan meets the work participation requirements, is required to spend at least \$468,518,400 in State funds, and counts State GF/GP spending for FY 2002-03 in the following State departments: FIA, Community Health, Education, and Transportation. The FIA appropriation assumes use of TANF funds in FY 2002-03 to include continuation of FY 2001-02 spending and the adjustments described below.

		FY 2002-03 Change from FY 2001-02 Year-to-Date
1. Family Independence Program (FIP)	Gross	24,439,600
	Federal	4,439,600
	GF/GP	20,000,000
<p>The appropriation includes a projected FIP caseload increase of 4,700 to an average of 79,700 cases and assumes a decrease in the cost per case of \$2 to an average of \$389 per month. Additional GF/GP support is appropriated to finance the projected increased caseload. An adjustment in the school clothing allowance funding results in a reduction of \$50 to \$25 per eligible child aged 4 to 18 years old. Section 413 provides for the contingent use of \$28,785,700 of \$34,785,700 in the anticipated refund of the Child Support Enforcement System (CSES) penalty funds paid by the State for tardy implementation of the CSES. Of the \$28,785,700 in contingency funds, \$4,300,000 may be used for the school clothing allowance, for a possible \$50 per eligible child.</p>		
2. Child Care Fund	Gross	28,600,000
	Federal	5,800,000
	Local	(5,000)
	GF/GP	22,805,000
<p>The budget includes an increase for the anticipated growth in the Child Care Fund (CCF) caseload. The increase is financed in part with TANF funds, including a fund source shift in GF/GP dollars from juvenile justice operations, because of the inability to earn Federal TANF funds for delinquency programs. The local revenue reduction reflects the inability to earn these funds, and therefore is replaced with GF/GP.</p>		
3. Day Care Services	Gross	5,510,000
	Federal	(42,765,400)
	GF/GP	48,275,400
<p>The budget projections for day care services include a decrease in the average caseload of 4,700 to 65,000 cases and an increase in the average cost per case of \$45 to \$573 per case per month that is financed with additional TANF funds. The appropriation includes the increased use of the Child Care and Development Fund (CCDF) available State allocation and \$15,300,000 GF/GP transferred from other department appropriation units to draw down additional available CCDF in order to save approximately \$58,577,800 in TANF funds' spending. The Before- or After-school Program for families with incomes below 200% of the poverty level is reduced by approximately \$3,000,000 and no longer is funded with TANF dollars as in past years, but with \$10,000,000 GF/GP. Section 413 earmarks \$2,700,000 for the Before- or After-school programs for a possible \$12,700,000 available for the program.</p>		

		FY 2002-03 Change from FY 2001-02 Year-to-Date	
4.	Other Issues	Gross	(37,462,500)
		Federal	(27,462,500)
		GF/GP	(10,000,000)
	<p>The appropriation includes \$150,000 for the Created for Caring program, an increase of \$37,500 above the FY 2001-02 appropriation. The Family Formation Pilot Program, including services to families such as parenting, budgeting and other new parent training and support skills, is funded by a TANF funds transfer from the Child Well Being Program, which is no longer funded with TANF funds. The Homestead Property Tax Credit is financed with Federal Social Services Block Grant funds, eliminating the use of TANF funds. The budget includes a projected 18% decrease in Community Services Block Grant appropriation, although a \$2,600,000 increase in the Federal block grant award is anticipated in FY 2002-03. Also, the reduced amount of \$650,000 is included in Section 413 for a possible \$3,200,000 available for community action agencies. The employment and training appropriation includes the elimination of \$250,000 for the innovation grants, and \$500,000, or 50%, for the Fatherhood Initiative; however, \$500,000 is earmarked in Section 413, making a possible \$1,000,000 available for the initiative.</p>		
B.	ADMINISTRATION AND TECHNOLOGY		
1.	Food Stamp Reinvestment	Gross	5,700,000
		GF/GP	5,700,000
	<p>The FY 1999-2000 supplemental appropriation of \$18,813,200 was used in FIA efforts to pay food stamp error rate penalties and invest GF/GP funds in the program to avoid further Federal penalties. The program is intended to assist in training staff and developing efficiencies to avoid further error rate problems. Since the food stamp error problems have not been resolved, the additional funds are appropriated.</p>		
2.	Grand Tower Facility Reimbursement	Gross	2,150,000
		Federal	1,397,500
		GF/GP	752,500
	<p>The appropriation is intended to reflect the annual costs for debt service on bonds the State sold to purchase the Grand Tower, the FIA office building located in Lansing, Michigan. The appropriation will enable the State to claim Federal funds for these payments and a corresponding appropriation line is located in the Capital Outlay appropriation for additional costs.</p>		

		FY 2002-03 Change from FY 2001-02 <u>Year-to-Date</u>
3. Services for the Blind	Gross	20,000
<p>The budget includes a fund source shift of private to Federal funds for the Commission for the Blind because private funds have not been earned. The budget includes a \$20,000 GF/GP increase for program maintenance. A transfer of \$260,000 Gross, GF/GP from the Commission appropriation is included to create a new appropriation line for the existing Youth Low Vision Program.</p>	Federal	500,000
	Private	(500,000)
	GF/GP	20,000
4. Information Technology Services and Projects	FTEs	(356.0)
<p>A new appropriation unit is created in the FIA budget through the transfer of \$185,827,500 Gross, \$54,515,100 GF/GP in technology and related operations funding from within the FIA budget. Four lines are included in the unit: Information technology services and projects, Child support automation, Client services system, and Data system enhancement. The associated full-time equated positions are not transferred to the unit, but are eliminated from the FIA budget and are assumed in the new Michigan Department of Information Technology budget. The funds are transferred from technology operations and associated technology support lines in the Executive Operations and the Family Independence Services Administration units, Commission for the Blind, and the Central Support unit travel, equipment, and fringe benefits costs appropriation lines. The transfer has a zero net effect on the budget funding.</p>	Gross	0
	GF/GP	0
5. Payroll Taxes and Fringe Benefits Account	Gross	18,767,100
<p>The budget includes \$20,750,000 in Federal funds that adjust the FY 2002-03 appropriation to the FIA spending level since FY 2000-01 and lessen the probability for a transfer request to use the funds. The FY 1996-97 early retirement payouts expire in FY 2002-03, the end of the five-year payout period, resulting in budget savings of \$2,218,800 Gross, \$1,002,000 GF/GP. The benefit funds for the new Foster Care contract monitors and Client Services System staff are transferred to this account.</p>	Federal	19,747,100
	GF/GP	(980,000)

**FY 2002-03
Change from
FY 2001-02
Year-to-Date**

C. FINANCE ADJUSTMENTS

The budget includes a decrease in the Federal revenue match rate and an offset in GF/GP dollars due to the inability to earn revenues; general budget savings obtained through reductions in CSES workload and contracted expected spending; annualized estimates for FY 2001-02 and FY 2002-03 associated with Executive Order 2001-09 for staff and fund source adjustments; and full-year hiring freeze estimates for FY 2001-02 and FY 2002-03. A projected saving in contractual services, supplies and material accounts is used for other budget programs.

FTEs	(447.0)
Gross	(23,548,800)
Federal	(21,055,800)
Local	(5,378,000)
Private	(483,200)
Restricted	12,151,700
GF/GP	(8,792,700)

D. OTHER STATE ASSISTANCE

The appropriation includes a projected State Disability Assistance (SDA) caseload increase of 900 to 7,900 cases and a cost per case decrease of \$10.46 to \$233.54 per month. The budget includes a projected increase in the State Emergency Relief Programs Federal authorization for the cost of emergency services and \$600,000 is earmarked in Section 413 for multicultural contracts to a possible level of \$610,000 GF/GP available to restore funds eliminated by Executive Order 2001-09. The State Supplementation account was reduced by \$100,000 to reflect estimated overfunding and the base funding includes a \$610,000 transfer to the Budgetary Savings unit to satisfy an FY 2001-02 negative balance. An estimated Federal administrative rate increase of approximately forty-two cents, or 4.9%, to \$8.92 per case for the State supplement for Supplemental Security Income (SSI) recipients is included. The budget includes an increase of \$241,000 Gross, GF/GP, reflecting a fund transfer from the State Supplementation appropriation line.

FTEs	(2.0)
Gross	9,202,600
Federal	8,424,600
GF/GP	778,000

E. FEDERALLY FUNDED PROGRAMS

The budget includes a Food Assistance (formerly Stamp) Program Benefits average caseload increase of 112,800 up to 413,200 cases and an increase in the average cost per case of \$16 to approximately \$168 per month. The budget includes an increase for the Refugee Assistance Program for the projected increase in unaccompanied Sudanese minors and associated refugee medical costs. The budget includes an increase in the Low Income Home Energy Assistance (LIHEAP) funds based on a projected increase in the Federal grant award. The budget includes additional Federal funds that will be available for legal services contracts associated with child support collection activity.

Gross	307,891,800
Federal	307,891,800
GF/GP	0

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F. CHILD AND FAMILY SERVICES

1. Foster Care and Adoption

The appropriation includes a reduction in the foster care caseload of 2,122 to 11,978 cases and a six-month 1% rate increase for private placing agencies and residential treatment facilities. The budget includes a six-month 1% rate increase for adoption support services and an adoption caseload increase of 3,300 to 24,500 cases.

Gross	(34,006,400)
Federal	(16,769,800)
Local	(8,388,700)
GF/GP	(8,847,900)

2. Juvenile Justice Services

The budget includes estimated savings as a result of the closing of the Genesee Valley Residential Center and fewer beds, full-time equated positions, and the elimination of one-time FY 2001-02 base funds for the man-down security system implementation, computers and printers for improved facility operations at the Maxey Boys Training School. The budget includes increased private funds from imposed user fees to support the new Juvenile Justice Online Technology (JJOLT) system and increased Federal Juvenile Accountability Incentive Block Grant authority to enable the FIA to spend all available Federal funds. The appropriation eliminates funds for county shelters because the funds have not been used since FY 1999-2000 and the FIA anticipates no future use of the funds.

FTEs	(156.0)
Gross	(9,530,500)
Federal	(2,430,600)
Local	(5,753,900)
Private	600,000
GF/GP	(1,946,000)

G. UNCLASSIFIED SALARIES

No increase is included for FY 2002-03.

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H. EARLY RETIREMENT AND BUDGETARY SAVINGS

The appropriation includes a Legislature and Administration consensus agreement for a \$21,301,700 GF/GP reduction based on the Administration's early retirement program projected savings and an additional 1% reduction of \$8,726,500 GF/GP in budgetary savings as a result of the State's reduced projected available revenue. A transfer of \$610,500 Gross, GF/GP was made from the State Supplementation account to the Budgetary Savings Unit to satisfy the negative balance in the FY 2001-02 budget. The appropriation includes in Section 268 \$4,600,000 for administrative budgetary savings and \$600,000 for multicultural assimilation programs, which were contingent upon a cigarette tax increase of 30 cents or more per pack by the end of FY 2001-02.

Gross	(29,428,200)
GF/GP	(29,428,200)

I. ECONOMIC ADJUSTMENTS

Standard economic adjustments are included for salaries and wages, total retirement, rent, fuel and food, workers' compensation, and building occupancy charges consistent with factors applied to all budgets. In addition, GF/GP savings from staff reductions are used to finance the staff economic adjustments. These adjustments include:

FTEs	(43.5)
Gross	4,828,800
IDG	4,300
Federal	4,809,700
Local	376,600
Private	29,500
Restricted	3,200
GF/GP	(394,500)

Item	Gross	GF/GP
Salaries	\$6,124,000	\$2,273,000
Retirement	2,293,500	855,000
Staff Reductions	(2,966,200)	(2,966,200)
Other	(622,500)	(556,300)
Total	\$4,828,800	\$(394,500)

**FY 2002-03
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J. VETOES

1. Family Preservation and Prevention Services

The Governor vetoed Section 407, which would have provided TANF funds for a contract with Created for Caring, an employment and skills training program.

Gross	(150,000)
Federal	(150,000)
GF/GP	0

2. Child Support Enforcement System Penalty Refund

The Governor vetoed portions of Section 413, which would have provided funds for expansion of FIA basic programs and creation of new contracts if CSES penalties were refunded to the State. The vetoes consist of the following:

Gross	0
GF/GP	0

Program	GF/GP
Before- or After-school Programs	\$2,700,000
Food Bank Council	250,000
Michigan Marriage and Fatherhood Commission	50,000
Michigan Miracle Manor	150,000
Domestic Violence Parenting Centers	250,000
Emergency Homeless Shelter Pilot Program	150,000
Medicaid Spend-down Analysis	100,000
Multicultural Assimilation Programs	600,000
TOTAL	<u>\$4,250,000</u>

3. Foster Care Payments and Adoption Support Services

The Governor vetoed Section 519, which would have provided a six-month 1% rate increase for private child placing agencies and residential treatment centers that provide statewide foster care and adoption support services.

Gross	(872,400)
Federal	(248,000)
Local	(193,300)
GF/GP	(431,100)

		FY 2002-03 Change from FY 2001-02 <u>Year-to-Date</u>
4. Day Care	Gross	(100,000)
	Federal	(100,000)
	GF/GP	0
The Governor vetoed Section 668, which would have provided a community-based child care pilot program to serve children 6 to 15 years of age, through the leverage of child care funding with matching funds provided by the SMART moves program, when families select this boys and girls club program as the care provider.		
5. Juvenile Justice Operations	Gross	(1,000,000)
	GF/GP	(1,000,000)
The Governor vetoed Section 710, which would have provided continued contracts for juvenile justice day treatment services in Genesee and St. Clair Counties.		